MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 2, 2022/2023

DTX5014 – TAXATION 1

(All Sections/Groups)

07 JULY 2023

9.00 a.m. – 12.00 p.m.

3 Hours

INSTRUCTIONS TO STUDENT

1. This question paper consists of 11 pages with 4 questions.
2. Attempt **ALL** questions. The distribution of the marks for each question is given.
3. Please write all your answers in the Answer Booklet provided.

QUESTION 1

Part A

Ms. Lindsay, a 37-year-old Malaysian tax resident works as a software engineer in Digitaland Berhad, in Kelantan. Ms. Lindsay has been working at the company for 12 years and has steadily climbed the ranks, earning promotions and salary increases along the way.

On 1 July 2022, Ms. Lindsay has been promoted to be IT manager with no shareholdings in the company. The following are the benefits received by Ms. Lindsay for the year 2022, otherwise stated:

	RM
Salary - January until June	12,800/ month
- July until December	Note 1
Bonus (based on latest payment)	2.3-months
Long service award	6,700
Travelling allowance for official duties	10,420
Entertainment allowance	8,900
Meal allowance	4,500
Car at cost (including petrol and driver)	Note 2
Leave passage	Note 3
Semi-furnished house with air-conditioner (1 July – 31 Dec)	Note 4
Tuition fees for kids	2,300
Broadband subscription fee	1,224
Gift of laptop	5,700
Life insurance premium	2,650
Dental treatment	560
Utility bills	Note 5

Notes:

1. The salary increment for Ms. Lindsay, as a newly appointed IT manager, is 15% of the previous receipts.
2. Car, Petrol, and a Driver were provided to Ms. Lindsay since 1 January 2019. The car was valued at RM125,000 when it was new.

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3. Following are the total expenses spent for a leave passage by Ms. Lindsay with her husband and a son:

Place	**RM**
In Malaysia (2 places):	
- Meals	520
- Accommodation	840
- Transportation	1,200
Outside Malaysia:	
- Meals	5,400
- Accommodation	7,800
- Transportation	25,900

4. The monthly rental of the semi-furnished house was paid by the company for RM1,650, including furniture at RM120 per month.
5. The utility bill was registered and paid by Digitaland Berhad of RM730.

Required

Compute the Adjusted Income from Employment of Ms. Lindsay for YA2022. Round up your answer into the nearest Ringgit Malaysia (RM). (14 marks)

Part B

Encik Hadi provide the following information pertaining to his receipts and payments from his shop-lot, which has been rented to Jikers Enterprise, a SME company from 1 January 2018:

Receipts:	**RM**
Monthly rental	2,800
Advance rental for January 2023	1-month
Refundable deposit	2-months
Payments:	
Quit rent and assessment - 2021	480
- 2022	550
Fire insurance premium	1,290
Cost of renewing rental agreement	430
Repainting cost	3,730
Plumbing services	380
Security services	1,400
Renovation on washroom	5,660
Installation of new kitchen cabinet	4,700

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Additional information:

1. Encik Hadi provided a rental rebate of RM850 for 4-months (March until June) to respond to the Government encouragement for rental reduction to help the SME's industries.
2. Encik Hadi continues to provide a rental rebate for another two months, beginning from 1 July 2022 for RM580 per month.

Required

a) Compute the percentage of rental reduction. (2 mark)

b) Compute the Adjusted Income for the rental. (9 marks)

(Total: 25 marks)

QUESTION 2

Mr. Sim is a Chinese resident but came to Malaysia since 2014 for work purpose. Following are the periods of stay for Mr. Sim in Malaysia from year 2014 until 2022:

YA	Period of stay in Malaysia
2014	5/10 – 31/12
2015	1/1 – 30/7
	11/8 – 31/12
2016	1/1 – 23/3
2017	4/5 – 16/7
	20/10 – 4/11
2018	2/4 – 10/5
	27/12 – 31/12
2019	1/1 – 18/6
	4/10 – 3/11
2020	1/3 – 22/5
2021	31/3 – 28/9
2022	1/1 – 18/3
	18/11 – 5/12

Additional Information:

1. Mr. Sim went to United States on 31/7/2015 until 10/8/2015 for a conference.
2. On 24/3/2016, Mr. Sim went to Britain for a business meeting for 6 days.

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3. On 29/9/2021, Mr. Sim went back to China to visit his sick father for 3 months (90 days).

Required

a) Determine the tax residence status of Mr. Sim for the YA 2014 until 2022. Give reasons and quote the relevant provisions of the Income Tax Act 1967 (as amended) to support your answer. (21 marks)

b) List **THREE (3)** situations of temporary absence from Malaysia for the purpose of ascertaining the residence status in S7(1)(b). (4 marks)

(Total: 25 marks)

QUESTION 3

Following are the information from independent situations for each of the 'persons' pertaining to their income and expenses throughout YA2022:

Situation	Income (RM)	Expenditure (RM)
Situation 1 Money Sdn Bhd was incorporated on 1 March 2017 with a paid-up capital of RM2.5 million		
- Gross income	352,180	
- Single tier dividend	37,500	
- Interest from ABG Bank	60,000	
- Expenditure (including depreciation of RM22,400 and cash donation for Sports activity approved by Minister of RM14,800)		256,300
- Capital allowance		20,350
- Balancing charge		16,880
Situation 2 Jitu Sdn Bhd was incorporated on 1 January 2015 with a paid-up capital of RM4.05 million.		
- Gross income	748,200	
- Single tier dividend	122,000	
- Interest from Wellcome Bank	54,870	
- Expenditure (including depreciation of RM25,300, general provision for bad debts of RM21,500, and cash donation to an approved		513,400

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institution of RM9,600).		
- Business zakat (Jitu Sdn Bhd is a muslim company)		15,420
- Capital allowance		28,700
- Balancing charge		14,800
Situation 3 Hakim is a manager in Diamond Berhad and have 20 years of working experience. In YA2022, he is staying for 187 days in Malaysia.		
- Salary	23,400 a month	
- Bonus	2.3-months	
- Residential property rental	31,200	
- Interest from bank	6,430	
- Donation to approved institution		2,000
- Zakat		200
Situation 4 Shekar is an engineer in Mitsubash Motors, Japan. He had a work in Malaysia for 82 days in YA2022.		
- Salary	78,200	
- Meal allowance	5,320	
- Travelling allowance	12,770	
Situation 5 Panda Sdn Bhd was incorporated on 1 August 2020 with a paid-up capital of RM2,480,000.		
- Gross income	672,800	
- Single tier dividend	65,700	
- Total expenditure (including depreciation of RM23,000, and advance rental of RM10,600)		427,100
- Capital allowance		26,400
- Balancing allowance		18,900
- Balancing charge		22,350

Required

Calculate the Income Tax Payable for each of the 'persons' above for YA2022.

(25 marks)

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QUESTION 4

Mr. Sughra and Ms. Vella were married 20 years ago and have five children. Both are Malaysian residents. Mr. Sughra is a manager in Boolat Sdn. Bhd., while Ms. Vella is an accountant in Blue Wave Services.

In YA2022, Mr. Sughra received a salary of RM175,800 and a rental income of RM20,400. Meanwhile, Ms. Vella received a salary of RM124,000. Both also received bonuses of RM15,300 and RM13,800 respectively.

Following are the expenses made during year 2022:

	Mr. Sughra (RM)	**Ms. Vella (RM)**
EPF contribution	18,200	10,500
SOCSO	370	285
Education and medical insurance	3,400	2,200
Life insurance premium	2,650	1,700
Breastfeeding equipment - Sheeran	-	1,800
Laptop	4,200	3,200
Internet subscription	1,200	-
Gym membership fee	600	-
Magazine subscription	-	860
Medical treatment for parents	2,260	1,700
Childcare fee - Sheeran	4,800	-
Wheelchair for father	2,100	-
Medical expenses for serious disease	-	7,000
Children:		
i. Shivan (20 years old, in local university)	12,100	-
ii. Vikha (18 years old, in matriculation)	-	15,000
iii. Venti (15 years old, in secondary school)	-	6,000
iv. Visha (10 years old, in primary school)	-	20,000
v. Sheeran (3 years old, in registered kindergarten)	8,000	-

Additional information:

1. Mr. Sughra's father unable to walk for the past 3 years due to age factor.
2. Visha has been diagnosed by medical practitioner with mild autism since she was 2 years old.

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3. Mr. Sughra and Ms. Vella made a monthly tax deduction for RM200 and RM105 respectively.

Required

a) Based on the information given, calculate the income tax payable for both Mr. Sughra and Ms. Vella in YA2022 if they opt for separate assessment. (22 marks)

b) By using the chargeable income you get in (a), calculate the income tax payable for both Mr. Sughra and Ms. Vella if they were a non-tax residents in Malaysia for the YA2022. (3 marks)

(Total: 25 marks)

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APPENDIX

The following rates and allowances are to be used in answering all questions:

(a) Rates of tax for year of assessment 2022:

(i) Resident company
Paid up capital >RM2.5million : 24%
Paid up capital <RM2.5million:
First RM600,000: 17%
Excess : 24%

(ii) Non-resident company 24%

(iii) Non-resident individual 30%

(iv) Resident individuals:

Chargeable Income (RM)		Rate %	Tax payable (RM)
On the first	5,000	0	0
On the next	15,000	1	150
On the first	20,000		150
On the next	15,000	3	450
On the first	35,000		600
On the next	15,000	8	1,200
On the first	50,000		1,800
On the next	20,000	13	2,600
On the first	70,000		4,400
On the next	30,000	21	6,300
On the first	100,000		10,700
On the next	150,000	24	36,000
On the first	250,000		46,700
On the next	150,000	24.5	36,750
On the first	400,000		83,650
On the next	200,000	25	50,000
On the first	600,000		133,650
On the next	400,000	26	104,000
On the first	1,000,000		237,450
On the next	1,000,000	28	280,000
On the first	2,000,000		**517,450**
Excess	2,000,000	30	

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(b) Value of benefits in kind – Motor Vehicle and Related Benefits

Cost Of Car When New (RM)	Annual Value Of BIK (RM)	Fuel Per Annum (RM)
Up to 50,000	1,200	600
50,001 - 75,000	2,400	900
75,001 - 100,000	3,600	1,200
100,001 - 150,000	5,000	1,500
150,001 - 200,000	7,000	1,800
200,001 - 250,000	9,000	2,100
250,001 - 350,000	15,000	2,400
350,001 - 500,000	21,250	2,700
500,001 and above	25,000	3,000

(c) Prescribed value of household furnishing, apparatus and appliances.

Category	Types Of BIK	Annual Value Of BIK
(a)	Semi-furnished with furniture in the lounge, dining room or bedrooms.	RM840 (RM 70 per month)
(b)	Semi-furnished with furniture as above and one or more of the following:- air-conditioners, curtains and carpets.	RM1,680 (RM 140 per month)
(c)	Fully-furnished with benefits as above plus one or more of the following:- kitchen equipment, crockery, utensils and appliances.	RM3,360 (RM 280 per month)
(d)	Service charges and other bills such as water and electricity and telephone	Service charge and bills paid by the employer

(d) Prescribed value of other benefits

Item	Types Of BIK	Value Of BIK (RM)
(a)	Gardener	3,600 per annum
(b)	Driver	600 per month
(c)	Domestic servant	4,800 per annum
(d)	Guard	4,800 per annum

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(e) Relief for year assessment 2022:

	PERSONAL RELIEF FOR YA2022	**RM**
1	Personal deduction	9,000
2	Disable taxpayer (additional relief)	6,000
3	Parent – medical treatment, special needs and carer expenses	8,000
4	Basic supporting equipment for disabled person	6,000
5	Advancement of learning a) Tertiary level (bachelor degree) b) Master and PhD c) Upskill or self-advancement course	7,000 2,000
6	a) Medical expenses (i) Treatment for serious disease (ii) Undergoing fertility treatment (iii)Vaccination (up to RM1,000) b) (i) Complete medical examination (ii) Covid-19 test (iii) Mental health examination or consultation (within threshold of RM8,000)	8,000 1,000
7	Deposit in SSPN for child's education	8,000
8	Contribution to SOCSO	350
9	Lifestyle relief • Books, journals, magazines, newspaper. • Personal computer, smartphone and tablet. • Sports equipment for approved sports • Internet subscription	2,500
10	Breastfeeding equipment	1,000
11	Child care fees to child care centre, kindergarten (either husband or wife claim)	3,000
12	Local tour – domestic tour package, accommodation and entrance fees	1,000
13	Personal computer, smartphone and tablet	2,500
14	Healthy lifestyle a) Sports equipment for approved sports activity b) Rental or entrance fee to sports facility c) Registration fees for sports competition	500
15	Electric vehicle charging facility – installation, rental, purchase (including hire purchase) or subscription for the usage.	2,500
16	Insurance premium on life a) Government employee on pension	7,000

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	b) Others (i) Life insurance premium (ii) EPF, approved scheme	 3.000 4,000
17	Education or medical insurance	3,000
18	Deferred annuity, private retirement scheme	3,000
	Child relief either husband or wife claim:	
19	Disabled child	6,000
20	Full time instruction at university, college or other higher education, serving under articleship (child ≥18 years old)	8,000
21	Disabled child studying full time higher education (child ≥18 years old)	14,000
22	Others (child < 18 years old)	2,000
23	Spouse not working, elect joint assessment – wife/ husband relief	4,000
24	Disabled spouse elects for joint assessment or spouse not working	5,000

End of Paper